

RENTAL PROPERTY DEPRECIATION November 2011

What is Depreciation?

As a building gets older, items age and wear out – that is - they Depreciate.

The Australian Taxation Office allows property owners to claim this depreciation on the fixtures and fittings within the property. This includes items such as carpets, partitions, blinds, heaters, air conditioning, light shades and hot water systems. There is also a depreciation deduction available for the wear and tear on the structural element of a building, this is commonly called the Building Write Off Allowance.

Key Points Regarding Depreciation of Investment Properties:

- Most buildings irrespective of age will attract some claim for depreciation with respect to the fixtures & fittings contained within the property, including air conditioning, carpets, light fittings, etc.
- As a general rule any property constructed after 18 July 1985 (residential) and 20 July 1982 (non-residential) is eligible for the Building Write Off Allowance.
- Any property which has had additions or refurbishments undertaken after 18 July 1985 (residential) and 20 July 1982 (non-residential) may also be eligible for the Building Write Off Allowance.
- Most external works including fencing, paving, pergolas, garden sheds etc constructed after 26 February 1992 will attract the Building Write Off Allowance.
- Depreciation and Building Write Off Allowance claims can be backdated/amended for up to two years if previously unclaimed or not maximised.
- In order to substantiate and maximise Depreciation and Building Write off Allowance claims it generally worthwhile obtaining a Depreciation report from a qualified Quantity Surveyor.

Please contact us if you are unsure about the potential depreciation claim for your property and would like further information.